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## STATE SUBMITS REVISED MEDICAID WAIVER APPLICATION TO FEDERAL GOVERNMENT FOR REVIEW, APPROVAL

OLYMPIA - The Washington Medicaid program said today (**Tuesday, August 13**) that it has submitted the final draft of an amended Medicaid and SCHIP Reform Waiver to the federal Centers for Medicare and Medicaid Services (CMS).

The waiver is a collection of cost-management tools aimed at slowing the rapidly escalating costs that afflict everyone in health care today.

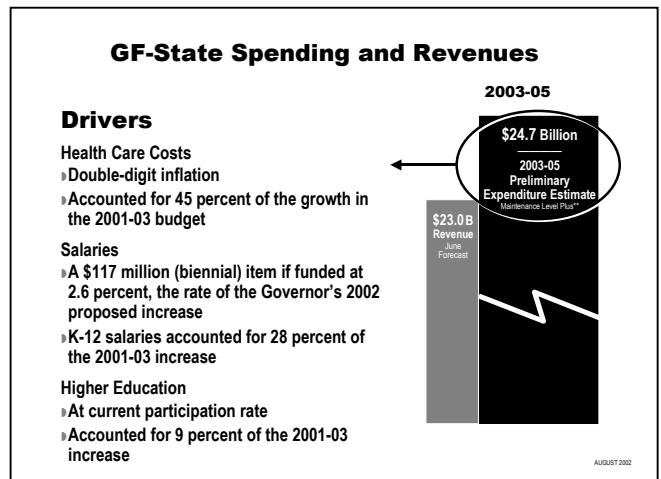
The state's Medicaid program, where enrollment has doubled over the past decade, is one of the largest components of the state's biannual budget and is forecast to increase by more than 10 percent in the next biennium. The waiver also is only the first step in Medicaid's efforts to help address a projected \$1.7 billion revenue shortfall in the upcoming state budget.

Key features of the waiver include:

- Small monthly premiums for the higher-income Medicaid recipients
- Co-pays to discourage clients from using expensive drugs or hospital emergency rooms unnecessarily.
- The possibility of enrollment freezes for optional Medicaid coverage groups when expenditures exceed budget forecasts.
- Benefit flexibility

"We need to get a better handle on what we spend because the Legislature faces an exceptionally difficult state budget next year," said Assistant Secretary Douglas Porter of the Medical Assistance Administration (MAA) in the Department of Social and Health Services.

The original waiver, proposed last summer, was submitted to CMS in November 2001, but MAA determined early this year that the proposal would not receive CMS approval without a major revamping.



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In May and June, MAA held a series of Town Hall meetings across the state and tribal consultations to discuss how the proposal could be changed, and then released a preliminary draft of those ideas in late July. After public comment closed last week, the proposal was edited a final time, Porter said.

“The basic ideas remain in the final version,” Porter said, “but the package is tighter and we were able to clarify many of the ideas.”

The timetable for the waiver calls for negotiations with CMS over the next few months, aiming for final approval of the waiver proposals in December. In January, as the Legislature reconvenes, MAA expects to submit legislation along with a full briefing and opportunities for review and decision-making.

Other waiver details:

- **About 160,000 of the higher-income Medicaid recipients would pay premiums ranging from \$10 to \$60, depending on the family’s income.** Clients below 100 percent FPL would not pay any premium. American Indians and Native Alaskans would be exempted from premiums
- **Two co-pays would apply to all Medicaid clients.** A \$5 co-pay would have to be paid on a name-brand prescription drug when a less expensive generic or therapeutic-equivalent medication had been approved by the client’s doctor. Clients determined to use a hospital emergency room for a non-emergency would have to pay a \$10 co-pay as long as they could have visited a primary care provider instead. The waiver says it would use a 24-hour nurse hot line to make sure clients’ access to care is not impaired. American Indians and Native Alaskans would be exempt.
- **Enrollment freezes** could create a waiting list for new applicants to higher-income optional coverage groups. Current clients would continue to be covered. All mandatory Medicaid applicants and most optional aged and disabled applicants would continue to be enrolled.
- **Benefit changes** (elimination of adult hearing, vision and non-emergent dental coverage in certain optional adult groups) would bring some Medicaid coverage more in line with the state’s Basic Health program. All children would continue to receive full-scope Medicaid coverage.
- **The waiver would allow the state to use unspent federal State Children’s Health Insurance Program (SCHIP) dollars** that now must be returned to the federal government. Under the waiver, the money would be used to fund 20,000 Basic Health (BH) program slots for parents of Medicaid children and other adults.

Porter noted that the waiver would not let the state escape a very tough debate as the Legislature tries to hammer together the 2003-2005 budget. “Current forecasts of state needs are incompatible with shrinking state revenues,” Porter said. “The waiver is geared to help us manage savings in the tens of millions of dollars. But overall we still face a problem that will require solutions in the hundreds of millions of dollars.”

**EDITORS:** The final waiver proposal and other information about the waiver are posted on the Medical Assistance Administration’s Web site: <http://maa.dshs.wa.gov/medwaiver> Copies of the proposal are also available by request from [pannkre@dshs.wa.gov](mailto:pannkre@dshs.wa.gov)

**BUDGET FOCUS:** In a year of tight budgets and revenue shortfalls, DSHS is making a consistent effort to contain costs, create efficiencies, and avoid nonessential expenditures. Also, DSHS is developing a strategic plan that will allow better integration of services within the department and better integration with community-based services. For more information on this effort, visit the Budget Reductions Focus Web page < <http://www.wa.gov/dshs/geninfo/statebudget.html> >